



Fair Political Practices Commission

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NEWS RELEASE

For Immediate Release:
May 18, 2005

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FPPC, Connerly agree to \$95,000 civil settlement ***Connerly's group didn't report contributors for initiative***

The Fair Political Practices Commission has reached a \$95,000 civil settlement with Ward Connerly and his American Civil Rights Coalition (ACRC) for unlawfully failing to disclose contributions supporting Proposition 54 on the October 7, 2003, special election ballot. The terms of the settlement require ACRC and Ward Connerly to admit they violated campaign laws by failing to file reports disclosing the contributions. They filed the reports today (May 18).

Commission Chair Liane Randolph stated, "It is a shame that the voters were not provided with this information prior to the election, but we are pleased that the disclosures have finally been made."

The settlement resolves a lawsuit filed by the FPPC in Sacramento Superior Court on September 3, 2003. The suit alleged that from January 2002 through June 2003, ACRC and Ward Connerly, as ACRC's CEO, violated campaign disclosure laws by failing to file required campaign statements reporting the sources of \$1.7 million in contributions received by ACRC for the Proposition 54 campaign. The initiative, which would have restricted state and local governments from collecting and using race-related information in the course of conducting some programs, was defeated by voters in the special election.

The FPPC began investigating ACRC when it learned that the coalition was soliciting contributions for Proposition 54, that these contributions were financing nearly the entire campaign behind the initiative, but that ACRC had not filed any reports disclosing the sources of the money. When efforts to resolve the matter out of court failed, the FPPC filed the lawsuit about one month before the 2003 special election.

In court, the FPPC requested a preliminary injunction that would have required disclosure of the contributors prior to the election. However, the request for a preliminary

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injunction was denied by Superior Court Judge Thomas M. Cecil. The defendants moved to have the lawsuit dismissed, but that motion was also denied by Cecil. The defendants then appealed to the 3rd District Court of Appeal in a further effort to have the case dismissed, but their effort failed and the matter was returned to the Superior Court for trial. This prompted further discussion between the parties that ultimately led to the settlement signed today by Judge Cecil.

In addition to the \$95,000 civil penalty, the settlement requires ACRC and Connerly to admit they violated campaign laws by failing to file reports disclosing the contributors, and to file the reports. According to those reports, now on file with the Secretary of State, out of the \$1.7 million dollars that ACRC received for the initiative, \$1.3 million came from just six contributors.

This case was handled as a civil lawsuit rather than as an administrative action. The civil lawsuit was authorized by the FPPC's commissioners, who also approved the terms of the settlement during an earlier closed-session discussion of pending litigation. The commissioners chose to handle the matter as a civil lawsuit in order to seek a preliminary injunction and to obtain a higher penalty. The penalty in an administrative action is limited to \$5,000 per violation, while the penalty in a civil lawsuit for campaign disclosure violations may range up to the amount not properly reported.

Senior Commission Counsel William L. Williams, Jr. and Chief Investigator Susan D. Straine handled the case for the FPPC.

The complaint and settlement documents are available on the FPPC website at www.fppc.ca.gov. Click on "[litigation](#)" on the left side of the home page.

The Fair Political Practices Commission was created by the Political Reform Act of 1974, a ballot initiative passed by California voters as Proposition 9. The commission administers, interprets and enforces the law relating to financial conflicts of interest, campaign contributions and expenditures, and lobbying disclosure.

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